

190.040 Grounds for denial, suspension, or revocation of license -- Notice of denial of application for license -- Hearings -- Inspection of licensee's records -- Appeals from order of commission.

- (1) A license may be denied, suspended, or revoked on the following grounds:
 - (a) Proof of financial or moral unfitness of applicant;
 - (b) Material misstatement in application for license;
 - (c) Filing a materially false or fraudulent tax return as certified by the Department of Revenue;
 - (d) Willful failure to comply with any provision of this chapter or any administrative regulation promulgated under this chapter;
 - (e) Willfully defrauding any retail buyer to the buyer's damage;
 - (f) Willful failure to perform any written agreement with any buyer;
 - (g) Failure or refusal to furnish and keep in force any bond required;
 - (h) Having made a fraudulent sale, transaction, or repossession;
 - (i) False or misleading advertising;
 - (j) Fraudulent misrepresentation, circumvention, or concealment through subterfuge or device of any of the material particulars or the nature of them required to be stated or furnished to the retail buyer;
 - (k) Employment of fraudulent devices, methods, or practices in connection with compliance with the requirements under the statutes of this state with respect to the retaking of goods under retail installment contracts and the redemption and resale of goods;
 - (l) Having violated any law relating to the sale, distribution, or financing of motor vehicles;
 - (m) Being a manufacturer of motor vehicles, factory branch, distributor, field representative, officer, agent, or any representative of the motor vehicle manufacturer or factory branch, who has induced, coerced, or attempted to induce or coerce any automobile dealer to accept delivery of any motor vehicle, vehicles, parts, accessories, or any other commodities that shall not have been ordered by the dealer;
 - (n) Being a manufacturer of motor vehicles, factory branch, distributor, field representative, officer, agent, or any representative of a motor vehicle manufacturer or factory branch, who has attempted to induce or coerce, or has induced or coerced, any automobile dealer to enter into any agreement with a manufacturer, factory branch, or representative, or to do any other act unfair to the dealer, by threatening to cancel any franchise existing between a manufacturer, factory branch, or representative and the dealer;
 - (o) Being a manufacturer, factory branch, distributor, field representative, officer, agent, or any representative of a motor vehicle manufacturer or factory branch, who has unfairly, without due regard to the equities of the dealer and without just provocation, canceled the franchise of any motor vehicle dealer. The nonrenewal of a franchise or selling agreement without just provocation or

cause shall be deemed an evasion of this section and shall constitute an unfair cancellation;

- (p) Being a manufacturer, factory branch, distributor, field representative, officer, agent, or any representative of a motor vehicle manufacturer or factory branch, or wholesaler who makes, attempts to make, or aids or abets the making of a sale of a motor vehicle to a person other than a licensed motor vehicle dealer. This section shall not prevent any manufacturer from offering discounts or rebates on any motor vehicle to any of its employees; or
 - (q) Being a dealer who advertises for sale a new motor vehicle unless he is a dealer operating under a franchise with a licensed manufacturer, factory branch, or distributor authorizing the sale of the new motor vehicle being advertised.
- (2) The licensor may deny the application for a license within thirty (30) days after receipt thereof by written notice to the applicant, stating the grounds for denial. Upon request by the applicant whose license has been denied, the licensor shall set the time and place of hearing a review of denial, to be conducted in accordance with KRS Chapter 13B.
 - (3) A license shall not be suspended or revoked except after a hearing conducted in accordance with KRS Chapter 13B.
 - (4) The commission may inspect the pertinent books, letters, records, and contracts of a licensee.
 - (5) If a licensee is a firm or corporation, it shall be sufficient cause for the denial, suspension, or revocation of a license that any officer, director, or trustee of the firm or corporation, or any member in case of a partnership, has been guilty of any act or omission which would be cause for refusing, suspending, or revoking a license to the party as an individual. Each licensee shall be responsible for the acts of any or all of his salesmen while acting as his agent, if the licensee approved of or had knowledge of the acts and after approval or knowledge retained the benefit, proceeds, profits, or advantages accruing from the acts.
 - (6) Any licensee or other person in interest who is dissatisfied with a final order of the commission may appeal to the Franklin Circuit Court and to the Court of Appeals in the manner provided by KRS Chapter 13B.

Effective: June 20, 2005

History: Amended 2005 Ky. Acts ch. 85, sec. 616, effective June 20, 2005. -- Amended 2000 Ky. Acts ch. 23, sec. 2, effective February 22, 2000; and ch. 216, sec. 2, effective July 14, 2000. -- Amended 1996 Ky. Acts ch. 111, sec. 3, effective July 15, 1996; and ch. 318, sec. 76, effective July 15, 1996. -- Amended 1992 Ky. Acts ch. 452, sec. 4, effective July 14, 1992. -- Amended 1982 Ky. Acts ch. 374, sec. 7, effective July 15, 1982. -- Amended 1974 Ky. Acts ch. 74, Art. IV, sec. 20(2). -- Amended 1972 Ky. Acts ch. 211, sec. 2. -- Amended 1966 Ky. Acts ch. 175, sec. 5. - Created 1956 Ky. Acts ch. 161, sec. 4.